

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE REALIGNMENT OF THE
AIR EDUCATION AND TRAINING COMMAND AT
VANDENBERG AIR FORCE BASE, CALIFORNIA

Report No. 96-122

May 17, 1996

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Department of Defense

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Acronyms

AETC	Air Education and Training Command
AFB	Air Force Base
BRAC	Base Realignment and Closure
MILCON	Military Construction



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884**



May 17, 1996

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)**

**SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for
the Realignment of the Air Education and Training Command at
Vandenberg Air Force Base, California (Report No. 96-122)**

We are providing this report for review and comment. This report is one in a series of reports about FY 1997 Defense base realignment and closure military construction costs. Comments from the Air Force on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. The Air Force comments on the draft report included statements that were not documented and supported. The Under Secretary of Defense (Comptroller) did not provide comments to the draft report. The Under Secretary of Defense (Comptroller) and Assistant Secretary of the Air Force (Financial Management and Comptroller) are requested to provide comments on this final report by July 17, 1996.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Terry L. McKinney, Audit Program Director, at (703) 604-9288 (DSN 664-9288) or Mr. Bruce A. Burton, Audit Project Manager, at (703) 604-9282 (DSN 664-9282). See Appendix F for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
For Auditing

Office of the Inspector General, DoD

Report No. 96-122
(Project No. 6CG-5001.18)

May 17, 1996

Defense Base Realignment and Closure Budget Data for the Realignment of the Air Education and Training Command at Vandenberg Air Force Base, California

Executive Summary

Introduction. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Inspector General, DoD, is required to review each base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. Our audits include all projects valued at more than \$1 million.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit for one project, valued at \$2.9 million, for the realignment of the Air Education and Training Command at Vandenberg Air Force Base, California.

Audit Results. The Air Force incorrectly justified and programmed Base Closure Account funds for a project to replace and upgrade existing utilities at Vandenberg Air Force Base as part of the realignment of a training function from Chanute and Lowery Air Force Bases. As a result, the requirements and estimated costs of \$2.9 million for the project were not valid. See Part I for a discussion of the audit results. See Appendix D for a summary of invalid requirements for the project we reviewed.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) place Air Force project XUMU963007, "Site Utilities," on administrative withhold. We also recommend that the Air Force cancel project XUMU963007, "Site Utilities," and delete the project, valued at \$2.9 million, from the FY 1997 budget.

Management Comments. The Assistant Secretary of the Air Force (Financial Management and Comptroller) nonconcurred with the draft recommendation to cancel project XUMU963007, "Site Utilities," and delete the project, valued at \$2.9 million, from the FY 1997 budget. The Under Secretary of Defense (Comptroller) did not provide comments on the draft report.

The Air Force stated that the requirement is to support Defense base realignment and closure-constructed facilities on a site where the utility systems were severely deteriorated and had been abandoned. The utility project was developed to support the facilities because the project was a nonrecurring, one-time expense caused by the requirement to construct Defense base realignment and closure facilities. The Air Force also stated that no economic analysis was performed because no viable alternatives existed with which to compare costs. A summary of management comments is in Part I, and the complete text of management comments is in Part III of the report.

Audit Response. The Air Force comments to our recommendations included statements that were not documented and supported. For example, the placement of overhead telephone and electrical lines underground is part of a base-wide effort planned before and is unrelated to the BRAC decision. If the project is needed, it should be submitted through the normal military construction process. We request that the Air Force reconsider its response and provide additional comments on the final report. We also request that the Under Secretary of Defense (Comptroller) provide comments on the final report. Comments should be received by July 17, 1996.

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Part I - Audit Results

Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1997 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C. See Appendix D for a summary of invalid and partially valid requirements for the project we reviewed.

Vandenberg Air Force Base (AFB) planned to replace and upgrade existing utilities on an 84-acre parcel of land occupied by the Air Education and Training Command (AETC). That location will be used as a training site for the AETC Space and Missile Institute. The AETC training mission was consolidated at Vandenberg AFB as a result of the closure of Chanute AFB and Lowery AFB. The training site will include a dining facility, classrooms, dormitories, and other facilities.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall objective.

This report provides the result of the audit of project XUMU963007, "Site Utilities," valued at \$2.9 million, for the replacement of all utilities serving the AETC training site at Vandenberg Air Force Base. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Utility Construction Requirements and Costs at Vandenberg Air Force Base

The Air Force incorrectly justified and programmed Defense Base Closure Account funds for a utility project to replace and upgrade existing utilities at Vandenberg AFB as part of the realignment of a training function from Chanute and Lowery AFBs. That situation occurred because the Air Force did not follow guidance to include only valid BRAC requirements. As a result, the project, valued at \$2.9 million, is not a valid use of Base Closure Account funds.

BRAC MILCON Project Justification

The Air Force incorrectly included as a BRAC mission requirement the replacement of existing utilities for the AETC Space and Missile Institute training site at Vandenberg AFB. The Air Force determined that the consolidation of the AETC training mission to Vandenberg AFB was justification for replacement of existing utilities at the AETC training site. The Air Force did not perform an economic analysis to support the need for the project. In addition, the planned replacement would not add any new capacity or provide utilities to new facilities necessitated by the BRAC. Existing utilities to be removed and replaced include overhead power and telephone lines, sanitary sewer mains, water distribution mains, and gas distribution lines. The Air Force did not include the cost of utility connections between the new facilities and the existing utility system as part of its proposed BRAC utilities cost.

The AETC at Vandenberg AFB occupied three buildings prior to BRAC realignment of AETC training missions from Chanute and Lowery AFBs. The consolidated training site, known as the AETC Space and Missile Institute, will consist of those three facilities, plus new facilities on the site either already constructed or planned for the future. The existing utility system provides utilities for the three older facilities on the site and for the new facilities.

Costs Included Were Not Valid BRAC Requirements

Guidance for Determining Valid BRAC Requirements. Air Force officials at Vandenberg AFB did not follow Air Force guidance for determining valid BRAC requirements. An Air Force memorandum, "Instruction for Preparing BRAC 95 Program Estimates and FY 95 Summer Reviews," March 9, 1995, issued by the Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations, and Environment), gave guidance for FY 1995 and future BRAC years for preparing BRAC program estimates. The instructions provided a

Utility Construction Requirements and Costs at Vandenberg Air Force Base

standard approach that Air Force activities were to use to develop and support BRAC MILCON projects. If Air Force activities used the standard approach, projects would be valid and would contain the level of detail required to justify budget requests. The instructions require that only nonrecurring costs that are a direct result of a BRAC action be included in BRAC projects.

Costs Included in Project XUMU963007. Costs presented on the DD Form 1391, "FY 1997 Military Construction Project Data," submitted for project XUMU963007, "Site Utilities," were based on replacement of existing utilities. The Air Force instructions specifically state that costs for normal upkeep of base facilities or corrections of existing deficiencies do not qualify as a valid BRAC requirement. The general criterion for determining whether a cost is valid is that the cost must be a one-time, nonrecurring implementation cost associated with the overall BRAC effort. The costs included in the DD Form 1391 for the project we reviewed do not qualify either as one-time costs or as the direct result of BRAC.

Utility Replacement Estimates. Some of the cost estimates for utilities were based on existing utilities. Engineering personnel at Vandenberg AFB were responsible for cost estimates being included on the DD Form 1391 for water, sewer, gas, and telephone lines based on the existing utility system. For example, existing water mains contained 6-inch piping. The proposed BRAC project included replacing the 6-inch water main piping with 6-inch piping. The planned project does not increase capacity and is not a one-time, nonrecurring cost. The project represents recurring normal upkeep and repair.

Utility System Layout. Vandenberg AFB determined some utilities needed modification to operate more efficiently. Other cost estimates in the DD Form 1391 included costs for placing all overhead electrical and telephone lines underground. The estimates included the existing footage of the lines and manholes for underground connections. Corrosion of the overhead lines due to "salt fog" was the reason cited for placing the lines underground. The base has proposed a plan to place all overhead electrical and telephone lines underground in the future. The project does not improve or upgrade the existing utility system.

Conclusion

The replacement of an existing utility system is not a valid BRAC requirement. The project may be a valid military construction project that should be requested through normal military construction budget process. Therefore, we believe that the Air Force should cancel the site utilities BRAC project. Vandenberg AFB should utilize operation and maintenance funds to replace or upgrade utilities. We believe that the project should be deleted and the funds released for more urgent BRAC needs. Monetary benefits of \$2.9 million would result from the cancellation of this project.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) place Air Force project XUMU963007, "Site Utilities," on administrative withhold.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) did not respond to the draft of this report. We request comments on the final report.

2. We recommend that the Commander, Air Education Training Command, cancel project XUMU963007, "Site Utilities," and delete the project, valued at \$2.9 million, from the FY 1997 budget.

Air Force Comments. The Assistant Secretary of the Air Force (Financial Management and Comptroller) nonconcurred with the recommendation.

The Air Force stated that the requirement is to support BRAC-constructed facilities on a site where the utility systems were severely deteriorated and had been abandoned. The utility systems are 50 years old and have deteriorated due to age, use, and exposure to the corrosive salt fog. The Air Force stated that it attempted to make use of the existing utility system when the first BRAC facilities were constructed and later determined that the utility systems were not adequate to support the facilities. Therefore, the utility project was developed to support the facilities because this was a nonrecurring, one-time expense caused by the requirement to construct BRAC facilities.

The Air Force also stated that no economic analysis was performed because there were no viable alternatives with which to compare costs. The only alternative is to construct a utility system to support the facilities. Therefore, because no alternatives exist, an economic analysis is not needed. The complete text of the Air Force comments is in Part III.

Audit Response. The Air Force comments to our recommendations included statements that were not documented and supported. The site occupied by the AETC included three facilities that were already used by the AETC prior to the BRAC realignment. The existing utility systems adequately provided service to those facilities occupied by the AETC.

The Air Force also did not perform a study or other formal analysis on the current utility systems to determine whether the capacity of the utility systems has been decreased by deterioration or the extent of any deterioration. The Air Force indicated that the utility systems needed to be replaced because of age; however, proper maintenance would allow the system to perform at optimum levels. The Air Force has neither shown that the demands on the existing utility system have changed nor that the existing system is incapable of supporting the BRAC requirement. In addition, the Air Force proposed to place the overhead telephone and electrical lines underground as part of the BRAC realignment.

Utility Construction Requirements and Costs at Vandenberg Air Force Base

The placement of overhead telephone and electrical lines underground is part of a base-wide effort that was planned before and is unrelated to the BRAC decision.

We request that the Air Force reconsider its response and provide additional comments on the final report.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request and supporting documentation for one project regarding the realignment of the AETC training mission to Vandenberg AFB. Project XUMU963007, "Site Utilities," was estimated to cost \$2.9 million.

Audit Period, Standards, and Locations. This economy and efficiency audit was made from January through March 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures. Appendix E lists the organizations visited or contacted during the audit.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists the summary reports for the audits of BRAC budget for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-118	Defense Base Closure and Realignment Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina	May 13, 1996
96-116	Defense Base Closure and Realignment Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah	May 10, 1996
96-112	Defense Base Realignment and Closure Data for the Closure of naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida	May 7, 1996
96-108	Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania	May 6, 1996
96-104	Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island	April 26, 1996
96-101	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington	April 26, 1996
96-093	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1995 and 1996	April 3, 1996

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1997 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON

Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON \$820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Appendix D. Projects Identified as Invalid or Partially Valid

Table D-1. Causes of Invalid or Partially Valid Projects

<u>Project Location</u>	<u>Project Number</u>	<u>Causes of Invalid Projects</u>		<u>Causes of Partially Valid Projects</u>	
		<u>Overstated</u>	<u>Unsupported</u>	<u>Overstated</u>	<u>Unsupported</u>
Vandenberg AFB	XUMU963007		X		

Table D-2. Recommended Changes in Project Estimates

<u>Project Location</u>	<u>Project Number</u>	<u>Amount of Estimate on DD Form 1391 (thousands)</u>	<u>Recommended Amount of Change</u>	
			<u>Invalid Projects (thousands)</u>	<u>Partially Valid Projects (thousands)</u>
Vandenberg AFB	XUMU963007	<u>\$2,900</u>	<u>\$2,900</u>	
Total		<u>\$2,900</u>	<u>\$2,900</u>	

Total Invalid and Partially Valid Projects

\$2,900

Appendix E. Organizations Visited or Contacted

Department of the Air Force

Office of the Vice Chief of Staff, Realignment and Transition Office, Washington, DC
Commander, Air Education Training Center, Randolph Air Force Base, TX
Commander, 30th Space Wing, Vandenberg Air Force Base, CA

Appendix F. Report Distribution

Office of the Secretary of Defense

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Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
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Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Economic Security)
Deputy Assistant Secretary of Defense (Installations)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Commander, Naval Facilities Engineering Command
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy Assistant Secretary of the Air Force (Installations)
Auditor General, Department of the Air Force
Commander, Air Education Training Center

Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
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Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Non-Defense Federal Organizations and Individuals (cont'd)

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

- Senate Committee on Appropriations
- Senate Subcommittee on Defense, Committee on Appropriations
- Senate Subcommittee on Military Construction, Committee on Appropriations
- Senate Committee on Armed Services
- Senate Committee on Governmental Affairs
- House Committee on Appropriations
- House Subcommittee on Military Construction, Committee on Appropriations
- House Subcommittee on National Security, Committee on Appropriations
- House Committee on Government Reform and Oversight
- House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
- House Committee on National Security

- Honorable Barbara Boxer, U.S. Senate
- Honorable Dianne Feinstein, U.S. Senate
- Honorable Andrea H. Seastrand, U.S House of Representatives

Part III - Management Comments

Department of the Air Force Comments



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

12 April 1996

MEMORANDUM FOR The Assistant Inspector General for Auditing
Office of the Inspector General
Department of Defense

FROM: SAF/MIIT
1660 Air Force Pentagon
Washington, DC 20330-1660

SUBJECT: Quick Reaction Report on Defense Base Realignment and Closure Budget Data for
the Realignment of the Air Education and Training Command at Vandenberg Air
Force Base CA, March 25 1996, 6CG-5001.18

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force
(Financial Management and Comptroller) to provide Air Force comments on subject report.

The Air Force NON-CONCURS with the recommendations of the subject Draft IG
Report to place BRAC MILCON funds for project XUMU963007, "Site Utilities" on
administrative withhold and delete the \$2.9 million project.

The utility project is required solely to support BRAC-constructed facilities. The three
new AETC BRAC facilities (the new dormitory, Small Missile Maintenance Training facility, and
Undergraduate Space Training facility) that are part of the Space and Missile Training Campus at
Vandenberg AFB were constructed on a site where the utility systems were severely deteriorated
and had been abandoned. The site originally supported temporary W.W.II barracks. Prior to the
requirement to build the three new BRAC facilities, Vandenberg AFB was in the process of
demolishing the old barracks, and had no plans to construct other facilities on the site or to
replace/repair the utility systems. The utility systems are 50 years old and deteriorated due to age,
use, and exposure to the corrosive "salt fog." Therefore, under the pre-BRAC plan, the utility
systems would have been removed or abandoned in place.

When the first BRAC facilities were sited, an attempt was made to use the existing utility
systems as shown on the base utility maps. The first two facilities (Dormitory and Small Missile
Maintenance facility) were designed assuming the existing, abandoned utility systems had enough
capacity to accommodate the projects. However, when the design for the third project
(Undergraduate Space Training facility) started, it became apparent that the existing utility
systems could not support all of the new BRAC facilities due to deterioration and severely
reduced capacities. Without adequate utilities in the construction area, a new project was
developed given this was a non-recurring, one-time expense solely caused by the requirement to
construct the BRAC facilities. As there were no other reasons to upgrade the utilities, the project

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is a valid BRAC funding requirement. Even though the new utilities are the same "size" as existing, the "capacity" will be doubled, because no corrosion will be present (pipes filled with "sludge").

No economic analysis was done for this project since there were no viable alternatives for which to compare costs. The purpose of an economic analysis is to compare the costs associated with two or more alternative means of satisfying a requirement. In the case of a utility system, there are no alternatives to compare. The only viable alternative is to construct the utility systems necessary to support the new facilities. Good engineering practice dictated that the existing systems be removed where they interfere with the new systems. Unlike a requirement for facility space where there may be several options available, such as renovating existing space, constructing a new facility, or leasing a commercial facility, such options don't exist for providing utilities. There are no alternatives for which to compare costs and therefore no reason to conduct an Economic Analysis.

This project is a valid BRAC requirement needed solely to support the new BRAC MILCON facilities. BRAC funding should be used, as this is a one-time requirement caused by the construction of the BRAC MILCON facilities.


Michael D. Callaghan, Col, USAF
Chief, Base Transition Division

cc:
SAF/MII
SAF/FMBIC
USAF/CEC
HQ AETC/CE

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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Arlington, VA 22202-2884

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